

California Debt and Investment Advisory Commission

State Treasurer Phil Angelides, Chair



Presents

ADVANCED TOPICS IN DEBT ISSUANCE WORKSHOP: *Understanding Refunding, Variable Rate Financing, and Interest Rate Swaps*



**June 5-6, 2003
Sheraton Anaheim
Anaheim, CA**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400
Sacramento, CA 95814

FIRST CLASS

ADVANCED TOPICS IN DEBT ISSUANCE

ABOUT THE PROGRAM

Advanced Topics in Debt Issuance Workshop is a two-day program designed to provide information on the more challenging aspects of debt finance that local issuers may encounter in issuing or managing their debt. This program is designed to cover topical sessions on variable rate financing, refunding, and interest rate swaps. Participants will gain in-depth knowledge of debt structuring considerations including: the role of derivative securities in the debt market, variable rate debt instruments, and the use of refunding as a debt management tool. The seminar will also include a session on industry perspectives regarding these techniques.

WHO SHOULD ATTEND

This seminar is geared towards public agency officials and their staff responsible for or involved in the issuance of municipal debt. Representatives of cities, counties, special districts, redevelopment agencies, school districts, and elected officials are especially encouraged to attend. The program is open to all levels of participants interested in understanding the above concepts.

THE SPONSOR

The California Debt and Investment Advisory Commission (CDIAC) provides information, education, and technical assistance on public debt and investments to state and local public agencies and other public finance professionals. To carry out its responsibilities, CDIAC maintains a database of all public debt issued in California, conducts a continuing education program, publishes a monthly newsletter with debt issuance data and informative articles, and conducts research to develop reports, guidelines, and briefs on topical issues.

REGISTRATION INFORMATION

Registration is limited to public agency and elected officials. No walk-in registrations will be accepted. Full refunds will be made to registered participants if CDIAC cancels or postpones the program. Substitution of officials or staff from the same entity is permitted. ***No refunds will be honored for cancelled registrations after the seminar registration deadline of May 16, 2003.*** Registrations received after the cutoff date will be accepted on a space available basis only.

LOCATION & LODGING

The seminar will be held at the ***Sheraton Anaheim***, 900 South Disneyland Drive, Anaheim, California 92802-1844. Hotel reservations should be made directly with the Sheraton Anaheim at (714) 778-1700. A limited number of rooms are available at a special rate of \$84 for seminar participants if reserved before the reservation deadline of May 16, 2003. When making reservations, please indicate that you are attending the CDIAC Advanced Debt Issuance Workshop.

The California Debt and Investment Advisory Commission complies with the Americans with Disabilities Act (ADA).

Advanced Topics in Debt Issuance Workshop Understanding Variable Rate Financing, Refunding, and Interest Rate Swaps

June 5 - 6, 2003

REGISTRATION FORM

To register, please complete this form and return it to the California Debt and Investment Advisory Commission. One form is required for each participant. **Payment of the registration fee must be enclosed.** Registration is limited to public agency officials and their staff. No refunds will be honored after the **seminar registration deadline of May 16, 2003**. Registrations received after **May 16, 2003**, will only be accepted if space is available.

(Please print or type)

Name _____

Title _____

Agency _____

Street _____

City/State/Zip _____

Telephone _____ FAX _____

Email: _____

Registration Fee: \$195.00 Enclosed is my check for \$ _____

Make check (s) payable to:

California Debt and Investment Advisory Commission

If vegetarian meals are required, please check ____

Mail your registration to:

Seminar Programs

California Debt and Investment Advisory Commission

915 Capitol Mall, Room 400

Sacramento, CA 95814

Phone: (916) 653-3269

FAX: (916) 654-7440

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Presents

Advanced Topics in Debt Issuance Workshop: Understanding Refunding, Variable Rate Financing, and Interest Rate Swaps

Sheraton Anaheim
Anaheim, California
June 5 – 6, 2003

AGENDA

THURSDAY, June 5, 2003

8:00 AM **Registration and distribution of seminar materials**
Complimentary rolls and coffee

8:30 AM **Seminar Welcome and Opening Remarks**
Lisa M. Harris, Executive Director, CDIAC

SESSION I

8:45 AM **Debt Portfolio Restructuring Options - Refunding:** This session begins with a general discussion of when a state or local agency might consider restructuring its debt. It is followed by an in-depth presentation on these decisions as they pertain to process of refunding. Speakers will address the rationale behind refunding, the types of refundings, and the legal issues affecting an issuer's ability to refund debt. Additionally, the speakers will discuss benefits and costs associated with refunding debt.

George Majors, Public Financial Management
Dan Hartman, Citigroup
Mark Mazak, City of Anaheim Public Utilities

10:15 AM **Break**

SESSION II

10:30 AM **The Mechanics of a Refunding:** This session provides an overview of the roles and responsibilities of the issuer and the financing team in a refunding. Panelists will discuss the mechanics of a refunding transaction and the administrative tasks associated with it.

Brian Corley, JP Morgan
Brian Thomas, Southern California Metropolitan Water District

restructuring products focusing on interest rate swaps. Panelists will define an interest rate swap and the key terms involved in the interest rate swap transaction. The mechanics of the interest rate swap transaction including the key players, the definition and selection of an index, and the options available for an interest rate swap also will be discussed.

Andrew McKendrick, Public Financial Management
Jay Goldstone, City of Pasadena

10:15 AM **Break**

SESSION VII

10:30 AM **Risks and Rewards of Interest Rate Swaps:** This session provides attendees with an open discussion on both the benefits and risks associated with interest rate swaps. Attendees will hear about the strategies involved when deciding to utilize an interest rate swap, and how it affects the risk management of an organization. Additionally, the important tasks of the ongoing administration of the interest rate swaps will be presented.

Doug Goldberg, CDR Financial Products
Brian Mayhew, Metropolitan Transportation Commission

12:15 PM **Luncheon for all participants and speakers**
Keynote Speaker: Hill A. Feinberg, Chairman, MSRB and CEO,
First Southwest Company

12:00 PM **Luncheon for all participants and speakers**
Keynote Speaker: Barbara Lloyd, California Deputy Treasurer

SESSION III

1:30 PM **Fixed Versus Variable: Which Debt Financing Structure Is Right For You?:** This session will address many of the questions that issuers have regarding whether they should issue fixed versus variable rate debt. A panel will provide attendees with a description of both types of debt and discuss when it would be appropriate to issue one type over another. Additionally, the pros and cons of issuing variable rate debt in comparison to fixed rate debt will be explored.

Carey Jenkins, Los Angeles Community Redevelopment Agency
Tim Schaefer, Fieldman Rolapp & Associates

2:45 PM **Break**

SESSION IV

3:00 PM **Fundamentals of Variable Rate Debt Issuance:** This session focuses solely on variable rate debt issuance. A panel will discuss the types of variable rate debt, the mechanics of a variable rate transaction, and the key players in the process. Important considerations such as credit ratings, external liquidity, and disclosure also will be discussed in this session.

Lawrence Tonomura, Banc of America Securities LLC
Karen Sisson, Los Angeles World Airports

4:30 PM **Reception for all participants and speakers**

FRIDAY, June 6, 2003

8:00 AM **Check-in**
Complimentary rolls and coffee

SESSION V

8:30 AM **Debt Portfolio Restructuring Options – Interest Rate Swaps:** Building on yesterday's sessions, the day begins with a discussion of when issuers should consider other debt restructuring options in addition to re-funding. The session then provides a brief discussion on other debt

SESSION VII

1:30 PM **Industry Views of Interest Rate Swaps:** A credit rating agency representative and a Securities and Exchange Commission representative will provide a brief commentary on their perspective on interest rate swaps including how credit rating agencies are looking at interest rate swaps when preparing ratings, and how interest rate swap transactions have taken on national interest especially in light of concerns about ongoing disclosure practices.

Kathy McManus, Fitch Ratings
David R. Bean, Governmental Standards Accounting Board

3:00 PM **Seminar Closing and Evaluation**